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FINANCIAL SITUATION OF UNIDO

USE OF UNUTILIZED BALANCES OF APPROPRIATIONS FOR THE BIENNIUM 1986-1987

Proposals by the Director-General

Summary

Proposes the financing of supplementary estimates for 1990-1991 from the unutilized balances of appropriations arising from the 1986-1987 biennium.

CONTENTS

	Paragraphs	Page
Introduction	1 - 2	1
Chapter		
I. ACTION TAKEN DURING 1990-1991	3 - 4	1
II. SUPPLEMENTARY ESTIMATES 1990-1991	5 - 8	1
III. FINANCING OF THE SUPPLEMENTARY ESTIMATES	9	2
IV. ACTION REQUIRED OF THE COMMITTEE	10	2
Annex		
REGULAR BUDGET PERFORMANCE REPORT FOR THE BIENNIUM 1990-1991 AS AT 31 DECEMBER 1990 AND PROJECTION OF EXPENDITURE THROUGH THE END OF THE BIENNIUM		3

Introduction

1. The 1990-1991 regular budget performance report (see annex), based on the experience of 1990, projects an estimate of expenditure over appropriation of $796,900 and an income shortfall of $3,513,700 resulting in an estimated net overrun of $4,310,600. For the purpose of comparison, the 1990-1991 appropriation has been adjusted to take into account the 1990 average United Nations exchange rate of US$1 = AS 11.43, which is reflected in the actual expenditure and income up to 31 December 1990 and the rate of US$1 = AS 10.40 for the balance of the appropriations and projections of expenditure and income for the period 1 January 1991 to 31 December 1991.

2. The General Conference in its decision GC.3/Dec.17(c) temporarily suspended financial regulations 4.2(b) and 4.2(c) with respect to the 1986-1987 biennium to allow UNIDO to retain the unutilized balances of the appropriations related to that biennium. The question of the use of unutilized balances of appropriations for the biennium 1986-1987 was taken up by the Board at its seventh session, which decided to defer consideration of the subject to its eighth session through the seventh session of the Programme and Budget Committee.

I. ACTION TAKEN DURING 1990-1991

3. For the 1990-1991 biennium, the Director-General has already introduced a number of cost control measures designed to reduce regular budget expenditures to ensure that the Organization continues to operate within available cash resources and to meet the 1990-1991 additional costs of the electronic data-processing (EDP) programme as reported to the Industrial Development Board at its seventh session (IDB.7/31). The measures taken include:

(a) Delays in recruitment of professional staff resulting in a vacancy factor averaging 11.4 per cent for 1990;

(b) Restrictions in the use of consultants and ad hoc expert group meeting funds;

(c) Restrictions in the use of temporary assistance;

(d) Reduction in staff travel;

(e) Reductions in general operating costs and deferral of buildings maintenance work.

4. The estimated reduction in expenditure arising from the introduction of these cost control measures is expected to provide sufficient funds to meet the 1990-1991 additional costs of the EDP programme. The related proposals for transfer of expenditure between major objects of expenditure are included in the document describing the financial situation of UNIDO (PBC.7/2).

II. SUPPLEMENTARY ESTIMATES 1990-1991

5. The introduction of cost control measures during 1990-1991 is not expected to provide sufficient savings to meet all unforeseen and extraordinary expenses and income shortfalls which have arisen during the biennium to date.

6. Increases in expenditure over estimates resulted primarily from the implementation by UNIDO in 1990

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of General Assembly resolutions on Professional salaries and contributions to the United Nations Joint Staff Pension Fund and the International Labour Organisation Administrative Tribunal (ILOAT) judgement No.1001 in relation to General Service salaries. The cost of implementing the ILOAT judgement has been absorbed within the appropriations approved for the current biennium.

7. The Organization has also experienced a major decline in income from interest earned on bank investments during the biennium to date due to reduced levels of working capital and regular budget funds. Based on recent cash-flow projections, the decline will continue for 1991.

8. The overruns by major object of expenditure and income items of the appropriation which are not expected to be absorbed by cost control measures during 1990-1991 are identified below. Estimated overruns are shown at an exchange rate of US$1 = AS 10.93 being the expected overall average for the biennium 1990-1991.

		Millions of US dollars
(a)	Established posts and common staff costs	
	Implementation cost of General Assembly resolution 44/198 on the 5 per cent salary increase for Professional and higher categories of staff effective 1 July 1990	2.7
(b)	Common staff costs	
	Implementation cost of General Assembly resolution 44/199 increasing the contribution rate to the United Nations Joint Staff Pension Fund from 15 per cent to 15.8 per cent from 1 January 1990	0.8
(c)	Income from investments	
	Loss of income from investments due to reduced levels of the Working Capital Fund and regular budget funds resulting from the increasing level of unpaid and late contributions	0.8
	Total	4.3

III. FINANCING OF THE SUPPLEMENTARY ESTIMATES

9. The Director-General proposes to finance the supplementary estimates without the need for additional assessments on Member States in 1990-1991. For that purpose, it is proposed that financial regulations 4.2(b) and 4.2(c) remain suspended in relation to 1986-1987 and that the unutilized balances of the appropriations for that biennium be utilized to fund the supplementary estimates for 1990-1991.

IV. ACTION REQUIRED OF THE COMMITTEE

10. The Committee may wish to take note of the proposals in the present document and recommend to the Industrial Development Board the adoption of the following draft decision:

"The Industrial Development Board:

"(a) Takes note of the financial situation of UNIDO as reflected in the budget performance report, 1990-1991, as of 31 December 1990 (PBC.7/15, annex);

"(b) Recalls General Conference decision GC.3/Dec.17 concerning the temporary suspension of financial regulations 4.2(b) and 4.2(c) with respect to the 1986-1987 biennium to allow UNIDO to retain the unutilized balances of the appropriations for that biennium;

"(c) Recommends that the General Conference at its fourth session approve a supplementary estimate of $4.3 million for the regular budget for the fiscal period 1990-1991 in accordance with Article 14.5 of the Constitution, so as to cover the shortfall in the resources of UNIDO for that period resulting from unforeseen increased costs and loss of income;

"(d) Further recommends to the General Conference that the supplementary estimate of $4.3 million be financed from the unutilized balance of appropriations from the 1986-1987 biennium."

Annex

REGULAR BUDGET PERFORMANCE REPORT FOR THE BIENNIUM 1990-1991 AS AT 31 DECEMBER 1990 AND PROJECTION OF EXPENDITURE THROUGH THE END OF THE BIENNIUM

UNIDO TOTAL

OBJECT OF EXPENDITURE		APPROPRIATION 1990-1991 at US$ 1=AS 12.80 GC.3/10/Rev.1 (1)	AT AVERAGE RATE FOR 1990 US $1=AS 11.43 (2)	EXPENDIT. AS AT 31 DEC. 1990 at US$ 1=AS 11.43 (3)	UNUTILIZED BALANCE OF APPROPRIATION AT US $ 1=AS 11.43 (2-3) (4)	UNUTILIZED BALANCE OF APPROPRIATION AT US $ 1=AS 10.40 (5)	PROJECTION 1991 at US$ 1=AS 10.40 (6)	ESTIMATED EXPENDIT. 1990-1991 (3+6) (7)	PROJECTED BALANCE (5-6) (8)
Established posts	010	88,130.7	96,507.1	46,522.8	49,984.3	54,661.3	55,201.2	101,724.0	(547.9)
Temporary assistance mtgs.	020	1,342.0	1,450.8	154.0	1,296.8	1,420.5	708.8	862.8	711.7
General temporary assistance	030	1,141.8	1,288.6	732.8	555.8	610.9	640.5	1,373.3	(29.6)
General temporary assistance (IDDA)	035	111.4	121.3	21.6	99.7	105.6	106.6	128.4	(0.0)
Consultants	040	2,853.9	3,058.3	777.7	2,280.6	2,430.2	1,568.9	2,346.6	861.3
Consultants (IDDA)	043	1,240.1	1,333.6	225.5	1,108.1	1,175.6	499.5	725.0	676.1
Consultants of 2nd IDDA	044			254.5	(254.5)	(376.1)	300.0	554.5	(676.1)
Overtime and night differential	050	380.9	429.2	258.2	171.0	187.7	263.0	521.2	(75.3)
Ad hoc expert group mtgs.	060	1,359.7	1,529.1	189.0	1,340.1	1,469.0	630.7	819.7	838.3
Ad hoc expert group mtgs. (IDDA)	063	518.7	580.4	96.1	487.3	534.2	534.2	630.3	(0.0)
Short term advisory serv. (IDDA)	087	1,996.5	2,242.5	485.9	1,756.6	1,924.1	1,924.1	2,410.0	(0.0)
Joint language training	089	471.5	532.2	229.0	303.2	333.2	266.0	497.0	65.2
Full time language teachers	092	900.7	1,016.6	398.0	618.6	679.9	412.0	810.0	267.9
Common staff costs	100	30,011.8	32,323.5	16,268.1	16,055.4	17,046.2	18,850.9	35,119.0	(1,804.7)
Career development training	185	467.1	504.9	158.9	346.0	368.5	379.6	538.5	(11.1)
Travel of participants in meetings	210	170.9	181.6	74.5	117.1	128.0	129.4	203.9	(1.4)
Other official travel of staff	242	2,697.2	3,021.8	1,167.9	1,853.9	2,027.2	1,715.3	2,883.2	311.9
Travel reg. & interreg. advisers	260	309.1	346.3	115.8	230.5	252.0	171.2	287.0	60.8
Staff travel (IDDA)	271	530.9	599.0	135.7	463.3	509.2	336.5	532.2	112.7
Staff travel of 2nd IDDA	272			33.0	(33.0)	(36.3)	76.6	109.6	(112.9)
External translation & interpr.	330	205.6	228.7	83.5	145.2	157.9	91.6	175.1	66.1
External printing and binding	350	155.1	175.2	26.2	149.0	161.7	33.0	59.2	130.7
Public information services	360	97.8	110.4	20.5	89.9	98.8	76.0	96.5	22.8
Data base acquisit. & rental	372	741.8	822.2		822.2	892.9			892.9
Other specialized services	390	41.5	46.2	20.0	26.2	28.5	28.1	48.1	0.4
External audit	394	230.1	254.4	126.4	128.0	137.2	176.0	304.4	(40.7)
R. & M. of premises	410	11,483.3	12,913.5	5,273.4	7,640.1	8,375.4	6,828.3	12,101.7	1,547.1
Utilities	420	3,767.8	4,252.4	1,545.9	2,706.5	2,974.5	1,909.1	3,455.0	1,065.4
R. & M. furniture and equipment	430	2,852.0	3,218.8	2,875.8	343.0	376.8	4,042.8	6,918.6	(3,666.0)
Communications	440	59.0	65.9	2,284.4	(2,218.5)	(2,417.1)	2,380.3	4,664.7	(4,797.4)
Hospitality	451	64.0	71.2	23.0	48.2	52.4	52.4	75.4	(0.0)
Miscellaneous services	490	305.6	338.4	135.5	202.9	220.0	195.5	331.0	24.5
Miscellaneous services (IDDA)	495	369.0	415.2	101.7	313.5	343.7	344.3	446.0	(0.6)
Supplies and materials	500	1,466.8	1,647.5	1,800.2	(152.7)	(167.2)	2,286.3	4,086.5	(2,453.5)
Public information supplies	540	45.2	51.0	19.5	31.5	34.6	25.7	45.2	8.9
Acqui. furniture and equipment	600	1,400.0	1,578.2	447.7	1,130.5	1,241.4	980.4	1,428.1	261.0
Public information equipment	660	5.7	6.5	1.7	4.8	5.3	5.0	6.7	0.3
Improvements to premises	720	296.0	296.0	25.0	271.0	271.0	275.0	300.0	(4.0)
Technical co-operation	890	9,404.1	10,432.2	4,529.1	5,903.1	6,408.6	6,409.6	10,937.7	0.0
Joint printing and reproduction	932	1,665.2	1,902.1	587.5	1,314.6	1,444.9	1,255.4	1,846.9	185.5
Joint medical services	933	940.4	1,061.3	512.0	549.3	603.7	597.9	1,109.9	5.8
Joint library services	934	1,508.8	1,648.3	717.0	931.3	999.8	839.3	1,556.3	160.5
Joint computer services	935	450.3	508.2	1,000.8	(492.6)	(541.4)	31.0	1,031.8	(572.4)
Joint meetings planning and serv.	945	381.4	430.4	151.6	278.8	306.4	298.6	450.2	7.8
Joint interpretation services	946	1,754.0	1,927.8	404.8	1,523.0	1,642.3	1,118.0	1,522.8	524.3
Joint security and safety	947	2,215.7	2,500.7	1,259.6	1,241.1	1,364.0	1,355.5	2,615.1	8.5
Joint communications	948	5,323.6	5,936.2	499.8	5,436.4	5,924.1	580.6	1,080.4	5,343.5
Joint act.prov.by UN bodies	960	574.5	574.5	375.9	198.6	198.6	383.8	759.7	(185.2)
TOTAL		180,481.5	200,513.2	93,227.5	107,285.7	116,585.0	117,381.9	210,609.4	(796.9)
Other income		23,657.0	26,556.4	12,263.3	14,293.1	15,648.6	12,018.6	24,282.2	3,629.7
Income from publication sales		106.4	106.4	111.2	(4.8)	(4.8)	111.2	222.4	(116.0)
SUB-TOTAL INCOME		23,763.4	26,662.8	12,374.5	14,288.3	15,643.8	12,130.1	24,504.6	3,513.7
NET		156,718.1	173,850.4	80,853.0	92,997.4	100,941.2	105,251.8	186,104.8	(4,310.6)